

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:600
ANSWERED ON:27.04.2001
INVESTMENT IN INDUSTRIAL SECTOR
RAJO SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the pace of investment in the Indian industries has slowed down;
- (b) if so, the reasons therefor indicating the investment made in Indian industry in the first four years of the current Five Year Plan; and
- (c) the steps being taken by the Government to accelerate the pace of investment and create conducive atmosphere for investment in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (Dr. Raman Singh)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 600 FOR ANSWER ON 27.4.2001

(a) & (b) Information on Gross Capital Formation by industry of use for manufacturing; electricity, gas and water supply and construction for the years 1997-98 to 1999-2000, along with the percentage increases over the corresponding previous years are given below:

(Rs. /Crore)
At 1993-94 Prices

Year	Gross Capital Formation	Percentage Increase/Decrease
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1997-1998	146620	1.8
1998-1999	134199	(-) 8.5
1999-2000	139044	3.6

The decline in investment during 1998-99 was interalia, due to the following factors:-

Steep devaluation of currencies of East Asian economies adversely effecting Indian industry, slow off take of actual investment in infrastructure projects, inadequacy of funds due to continuous sluggishness in capital markets (primary as well secondary), persistence of infrastructural bottlenecks etc.

(c) The Government has initiated the following steps to accelerate the pace of investment in the country:

- Basic custom duty in case of raw materials and intermediate goods has been reduced.
- Excise duty has been rationalized, with one rate of CENVAT and one rate of SED.
- Budgetary provisions under Technology Upgradation Fund Scheme (TUFS) have been raised to speed up the modernization of textiles.
- RBI has reduced Cash Reserve Ratio and Bank Rate to increase liquidity and reduce the lending cost.
- In the new EXIM policy, care has been taken to ensure level playing field to domestic producers vis-À-vis imports.
- Proposals have also been made for suitable legislative changes to improve the operating environment for industry.